Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2011

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Independent Auditor's Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the accompanying financial statements of **Maritime Provinces Higher Education Commission** (the "Commission"), which comprise the balance sheet as at March 31, 2011 and the statements of committed funds, revenue and expenditures – grants and revenue and expenditures – administration for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2011 and its results of operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2011

	2011 $	2010 $
Assets		
Cash	5,551,960	1,991,148
Prepaid expenses	21,334	76,319
Amounts due from		
Government of Canada	7,160,542	8,573,864
New Brunswick	26,742,080	25,787,513
Newfoundland and Labrador	181,680	222,865
Nova Scotia	351,975	382,585
Prince Edward Island	898,600	4,841,446
Amount due from the Council of Atlantic Premiers	22,990	–
Other receivables	113,422	48,399
	41,044,583	41,924,139
Liabilities		
Accounts payable and accrued liabilities	105,929	56,644
Amount due to the Council of Atlantic Premiers	–	3,518
Amounts payable to institutions		
Operating grants	8,268,925	8,397,329
Capital grants	1,105,114	2,923,250
Other	7,074,208	9,170,212
	16,448,247	20,490,791
Deferred revenue	16,105	18,319
	16,570,281	20,569,272
Committed Funds		
Operating grants	20,060,182	17,012,740
Capital grants	4,414,120	4,342,127
	24,474,302	21,354,867
	41,044,583	41,924,139

Commitments (note 5)

Approved by the Board of Directors

_____ Director

_____ Director

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2011

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2011 Total $	2010 Total $
Operating grants						
Balance – Beginning of year	13,869,242	76,177	3,064,780	2,541	17,012,740	14,540,180
Excess of revenue over expenditures for the year	1,649,625	55,736	1,382,081	–	3,087,442	229,965
Transfer from capital	–	–	–	–	–	2,282,595
Transfer to administration	(40,000)	–	–	–	(40,000)	(40,000)
Balance – End of year	15,478,867	131,913	4,446,861	2,541	20,060,182	17,012,740
Capital grants						
Balance – Beginning of year	4,327,741	–	14,386	–	4,342,127	5,503,152
Excess of revenue over expenditures for the year	70,029	–	1,964	–	71,993	1,121,570
Transfer to operating	–	–	–	–	–	(2,282,595)
Balance – End of year	4,397,770	–	16,350	–	4,414,120	4,342,127
Committed funds – End of year	19,876,637	131,913	4,463,211	2,541	24,474,302	21,354,867

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2011

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Operating grants										
Revenue										
Grants										
Unrestricted	253,747,214	230,138,175	351,975	382,585	55,608,505	53,823,593	–	–	309,707,694	284,344,353
Restricted	9,386,557	9,113,146	–	–	3,410,901	1,134,700	–	–	12,797,458	10,247,846
Other	–	–	–	–	–	–	7,195,634	6,480,715	7,195,634	6,480,715
	263,133,771	239,251,321	351,975	382,585	59,019,406	54,958,293	7,195,634	6,480,715	329,700,786	301,072,914
Expenditures										
Grants										
Unrestricted (Schedule A)	252,781,968	232,737,396	296,239	449,868	54,842,616	51,954,372	–	–	307,920,823	285,141,636
Restricted (Schedule B)	8,702,178	7,952,762	–	–	2,794,709	1,267,877	–	–	11,496,887	9,220,639
Other (note 2)	–	–	–	–	–	–	7,195,634	6,480,674	7,195,634	6,480,674
	261,484,146	240,690,158	296,239	449,868	57,637,325	53,222,249	7,195,634	6,480,674	326,613,344	300,842,949
Excess of revenue over expenditures (expenditures over revenue) for the year	1,649,625	(1,438,837)	55,736	(67,283)	1,382,081	1,736,044	–	41	3,087,442	229,965
Capital grants										
Revenue	15,000,000	50,000,000	–	–	1,015,300	2,764,900	–	–	16,015,300	52,764,900
Expenditures (Schedule C)	14,929,971	48,891,724	–	–	1,013,336	2,751,606	–	–	15,943,307	51,643,330
Excess of revenue over expenditures for the year	70,029	1,108,276	–	–	1,964	13,294	–	–	71,993	1,121,570

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2011

	2011 $	2010 $
Revenue		
Contributions		
New Brunswick	552,370	521,274
Nova Scotia	692,483	653,497
Prince Edward Island	102,391	96,628
Transfers from operating reserves		
New Brunswick	40,000	40,000
Project revenue	179,029	362,727
	1,566,273	1,674,126
Expenditures		
Salaries and benefits	1,122,920	941,319
Office rent	105,299	100,348
Professional services	103,516	181,812
Travel		
Board members	12,488	12,443
Other	22,027	20,002
Per diem allowance	4,950	2,975
Special projects (note 3)	128,852	270,778
Office supplies, telephone and postage	30,499	30,714
Office furniture and equipment	27,388	29,550
Publications	7,532	26,970
Other	24,499	53,697
	1,589,970	1,670,608
Excess of revenue over expenditures (expenditures over revenue) for the year (note 4)	(23,697)	3,518

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2011

1 Significant accounting policies

Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Commission. Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

Management estimate

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $79,622 (2010 - $86,375).

Pension Plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $251,728 (2010 - $139,747).

Financial instruments

The Commission has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. Financial instruments consist of amounts receivable, which will result in future cash receipts, as well as amounts payable, which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

The fair values of amounts receivable and amounts payable approximate the carrying values due to their short-terms to maturity.

1 Significant accounting policies (continued)

Financial instruments (continued)

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

2 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2011 $	2010 $
Government of Canada – contribution to institutions under the Canada/New Brunswick Official Languages in Education Agreement	5,500,241	5,337,632
Government of Canada – contribution program to improve access to health services for official languages minority communities	1,027,832	577,677
Province of Prince Edward Island – Medicine	495,000	342,500
Province of Newfoundland and Labrador – Medicine	(1,439)	12,865
Province of Newfoundland and Labrador – rehabilitation program seats	174,000	210,000
	7,195,634	6,480,674

3 Special projects

	2011 $	2010 $
Graduate Follow-up Surveys	88,098	224,169
MPHEC Conference/Workshop/Collaboration	3,490	2,671
Other	37,264	43,938
	128,852	270,778

4 Revenue and expenditures – Administration

The unallocated excess of revenue over expenditures (expenditures over revenue) for the year for Administration is considered to be part of the Consolidated Fund and accordingly is included in the amount due to (from) the Council of Atlantic Premiers.

5 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities and office equipment are as follows:

	$
Year ending March 31, 2012	89,793
2013	89,793
2014	89,793
2015	89,793
2016	24,758

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2011 **Schedule A**

	2011 $	2010 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	1,989,366	1,931,424
Mount Allison University	18,483,164	17,282,701
St. Thomas University	11,363,941	10,385,597
Université de Moncton	66,748,595	63,009,369
University of New Brunswick	116,225,795	104,993,613
University of Prince Edward Island – Atlantic Veterinary College	5,401,713	5,111,148
	220,212,574	202,713,852
Interprovincial transfers		
Université de Sherbrooke	1,380,780	1,205,080
Province of Newfoundland and Labrador	1,498,750	1,212,500
Province of Nova Scotia	4,229,300	7,373,700
Province of Ontario	47,072	33,369
Dalhousie University	6,054,087	804,580
Province of Québec	7,405,341	7,665,291
	20,615,330	18,294,520
Grants in lieu of Municipal Real Property Taxes	11,883,771	11,241,321
Other	70,293	487,703
	252,781,968	232,737,396
Nova Scotia		
Interprovincial transfers		
Province of Québec	250,970	371,845
MPHEC Graduate Follow-up (GFU) Survey Program	45,269	78,023
	296,239	449,868
Prince Edward Island		
Institutions		
Holland College	17,418,100	15,189,903
University of Prince Edward Island	31,894,899	30,108,871
	49,312,999	45,298,774
Interprovincial transfers		
Province of Nova Scotia	5,330,100	6,541,600
Province of Ontario	–	5,874
Province of Québec	98,886	96,587
	5,428,986	6,644,061
Other	100,631	11,537
	54,842,616	51,954,372
	307,920,823	285,141,636

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2011 **Schedule B**

	2011 $	2010 $
New Brunswick		
Maritime College of Forest Technology	214,571	46,887
Mount Allison University	956,100	928,210
St. Thomas University	413,007	232,550
Université de Moncton	1,185,751	2,623,864
University of New Brunswick	5,136,317	3,391,953
Joint Project – Computer Network	796,432	729,298
	8,702,178	7,952,762
Prince Edward Island		
Holland College	2,144,833	835,360
University of Prince Edward Island	560,521	384,600
Joint Project – Computer Network	89,355	47,917
	2,794,709	1,267,877
	11,496,887	9,220,639

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Schedule of Capital Grants Expenditures

For the year ended March 31, 2011 **Schedule C**

	2011 $	2010 $
New Brunswick		
Mount Allison University	1,335,850	5,441,020
St. Thomas University	1,454,521	3,308,076
Université de Moncton	4,239,850	14,767,586
University of New Brunswick	7,899,750	25,375,042
	14,929,971	48,891,724
Prince Edward Island		
University of Prince Edward Island	1,013,336	2,751,606
	15,943,307	51,643,330